1	Evansville, KY. Owensboro. KY. Lafayette. *LA,* Columbia. SC
2	Evansville, KY. Owensboro. KY, Lafayette, *LA,* Columbia, SC
3	Montgomery AL. Jacksonville, FL. Pensacola, FL. West Palm Beach, FL. Savannah, GA, Evansville, KY. Louisville. KY. Owensboro, KY, Baton Rouge, LA, Lafayette, *LA,* Lake Charles, LA Monroe, LA, Shreveport, *LA.* Biloxi, MS. Jackson, MS, Chatanooga, TN. Knoxvilee. TN. Nashville, TN. Columbia, SC
4	Evansville, KY. Owensboro. KY, Lafayette, LA. and Columbia,SC
5	Evansville, KY, Owensboro, KY, Lafayette. LA. and Columbia,SC
6	Evansville, KY, Owensboro. KY. Lafayetle, *LA.* Lake Charles, *LA.* and Columbia.:
7	Evansville, KY, Owensboro, KY, Lafayette, *LA,* and Columbia,SC
8	Montgomery, Al, Daytona Beach, FL. Gainesville. FL. Jacksonville, FL. Melbourne, FL. Miami, FL. Orlando, FL. West Palm Beach, FL. Atlanta, GA. Savannah, GA. Evansville, KY. Louisville, KY, Owensboro. KY. Lafayette. LA. Charlotte, NC, Greensboro, NC, Raleigh-Durham, NC, Wilmington, NC, Chattanooga, TN. Knoxville, TN, Memphis, TN. Columbia, SC
9	Pensacola. FL, Savannah, GA. Evansville, KY, Owensboro, KY, Baton Rouge, LA, Lafayette. LA, Lake Charles, LA, Monroe, LA, Shreveport, *LA,* Jackson, MS, Columbia, SC
10	Evansville, KY, Owensboro. KY. Lafayette, *LA,* Columbia, SC

2. **FACILITIES-BASED COMPETITION IS STILL EXTREMELY LIMITED, EVEN IN PHASE II PRICING FLEXIBILITY MSAs.**

Competitively provided special access facilities are **only** *available at an extremely small number* **of commercial** *buildings, forcing* **IXCs to** *acquire the vast majority* **of** *these services* **from** *the* **ILEC.**

16. Special access services consist of three principal elements — the loop facility connecting the customer's premises with the serving wire center ("Channel Termination"), Interoffice Transport links interconnecting two or more wire centers, and entrance facilities. While the Commission's Phase II Pricing Flexibility requirements are driven primarily by the presence of CLEC/CAP collocation arrangements in ILEC central offices,[15] in practice such collocation may possibly affect the ability of a CLEC/CAP to compete with the ILEC for Interoffice Transport, **but** *not* its ability to provide the special access link to the customer's premises. Indeed, RBOCs fail to provide any evidence of competitive facilities being used to displace either interoffice transport in the RBOC network or channel terminations to end user premises. Accordingly. even if the presence of multiple collocation arrangements were by itself sufficient to establish the presence of effective competition for *interoffice transport* — which in many cases it is not — the presence of such collocation does not facilitate or support competition with respect to "last mile" channel terminations to individual customer premises, the market for which with few exceptions remains the near-exclusive domain of the incumbent LECs.

17. In order **to** compete without the use of any ILEC special access service, a CLEC/CAP must either deploy its own facilities between the customer's premises and the CLEC's central office. or acquire them from another CLEC/CAP, if available. Absent that. the fact that the CLEC/CAP may have a collocation presence in the ILEC wire center serving the customer will ***not*** enable it to bypass ILEC special access channel termination service. If the CLEC **wants** *to*

15. *Pricing Flexibility Order*, 14 FCC Rcd 14221, 14261-14262.

offer competitive transport facilities to customers in buildings that are not served by its own or by another CLEC's subscriber facilities, the *only* means by which it can interconnect its competitive transport facilities with its customer is via ILCC-provided special access.

18. ILECs own subscriber access line facilities connecting some 3- to 4-million commercial buildings nationwide.[16] AT&T currently provides service at approximately 186,000 commercial buildings.[17] Of these, AT&T *owns* facilities to only about 6,700 buildings, and obtains facilities *from other CLECs* at approximately 3,300 additional locations.[18] Thus, competitive alternatives to ILEC special access service are available at only about 10,000 locations, representing roughly 5.7% of the approximately 186,000 commercial buildings at which AT&T currenlly provides service, and at less than 0.4% of the 3- to 4-million commercial buildings nationwide.

19. The availability of competitive alternatives to ILEC' special access in **MSAs** subject to Phase 11 pricing flexibility is not appreciably greater. AT&T currently serves 38,477 buildings

16. This does not necessarily mean that the potential market for spccial access-like facilities consists of all commercial buildings. On the other hand, it clearly consists of more buildings than merely those that are currently receiving service.

17. LNS Building Data Warehouse, http://scot.als.att.com/scot/, accessed January 22, 2003 and LNS Building Inventory, AT&T Proprietary Database, accessed January 10, 2003.

18. *Id.*

in the Full Coverage Phase II MSAs,[19] and owns or has access to other CLEC-owned facilities in only about 2,375 of these[20] (see Table below). about 6% overall

Table 7

Competitive Alternatives to ILEC Special Access are Minnirnally Available Even in MSAs with Phase II Pricing Flexibility

Type of Pricing Flexibility	TOTAL AT&T - served buildings	AT&T	Other CLECs	ILECs
Full Coverage Under Phase II	38,477	1,661	714	36,102
		4.32%	1.86%	93.83%
Limited Coverage Under Phase II	94,202	4176	1,893	88,133
		4.43%	2.01%	93.56%
No pricing flexibility	53,456	890	682	51,884
		1.66%	1.28%	97.06%
TOTALS	**186,135**	**6,727**	**3,289**	**176,119**
		3.61%	**1.77%**	**94.62%**

Sources: See footnote 19.

19. Southwestern Bell Telephone Company, Tariff FCC No. 73, Section 39.2(A) and **(B),** 1st Revised Page 39-3, Effective: June 18, 2002; Qwest Corporation, Tariff FCC No. 1, Section 23, Original Page 23-0 - Original Page 23-28, Effective: June 15, 2002; The Verizon Telephone Companies, Tariff FCC No. 1, Section 14.7, Original Page 14-44 - Original Page 14-61, Effective: July 3, 2001; The Verizon Telephone Companies, Tariff FCC No. 11, Section 15.3, Original Page 15-19 - Original Page 15-34, Effective: July 3,2001; Verizon Telephone Companies, Tariff FCC NO. 14, Section 19.1, Original Page **19-1** - 3rd Revised Page 19-37, Effective: May 2,2001 through June 1,2002; The Southern New England Telephone Company, Tariff FCC NO. **39,** Section 24.2(A) and **(B),** Original Page 24-2, Effective: June 18,2002; Ameritech Operating Companies, Tariff FCC No. 2, *Section* 21.2 *(A)* and (B), 1st Revised Page 689, Effective June 18, 2002; Pacific **Bell** Telephone Company, Tariff FCC No. 1, Section 31.2(A) and **(B),** 3rd Revised Page 31-3, Effective: July 2, 2002.

20. *Id.*

20. Even in **MSAs** with the largest CLEC presence, CLECs must rely upon ILEC-provided special access services for the majority of their customer connections. Consider, for example, the following statistics for the New York, Boston, Chicago and Los Angeles areas:

Table 8

Competitive Alternatives to ILEC Special Access are Minimally Available Even In Areas with the Largest

MSA	**AT&T** Share	Other **CLEC** Share	**ILEC** Special Share
New York	12.6%	1.5%	**85.9%**
Boston	11.8%	1.7%	86.5%
Chicago	4.6%	1.4%	94.0%
Los Angeles	3.5%	1.1%	95.4%

Even in the most competitive area in the US, New York, no AT&T or other CLEC facilities are available at 85.9% of those locations. **A** similar pattern is evident in each of the other three large markets. Moreover, it would be incorrect to interpret these aggregate MSA-wide figures as suggesting that the distribution of AT&T- and CLEC-owned facilities is anything close to homogeneous within each of these MSAs. The principal location of AT&T- or CLEC-owned facilities is generally limited to the central business district and to a few other isolated locations. It is also noteworthy that there are large areas in which there are ***no*** AT&T-connected customer locations at all; in these locations, the ILEC remains the sole support of local telecommunications services. The extremely limited availability and non-homogeneous distribution of non-ILEC facilities, even in **MSAs** with the greatest competitive presence, underscores the conclusion that the **MSA** is simply too large an area within which to assess the ability and opportunity *for* CLECs to compete for special access services. And except in those specific locations where CLEC-provided special access facilities are in place, the ILEC maintains its unchallenged monopoly and market power.

21. Both BellSouth and Veriron have attempted to misdirect the Commission away from this indisputable reality by introducing thcoretical "studies" and other evidence that purports to show a substantially greater amount of facilities-based CLEC activity than is actually present. These RBOC "studies" and their portrayals of an intensely competitive facilities-based market arc so fatally flawed that they must be dismissed as entirely meritless.

BellSouth's Eastern Management Group "study" **rests** entirely upon unsupported and patently false assumptions and assertions of "fact"

22. BellSouth has attempted to dismiss these empirical realities by offering an entirely theoretical "study" penned by the Eastern Management Group ("EMG") that purports to "derive the likelihood that Special-Access type facilities will he available in BellSouth's territory."[21] The EMG paper appears to be premised upon the notion that "the likelihood of the presence of such [collocated CLEC'] facilities in a wire center indicates the availability of alternatives to Bell-South Special Access."[22] I disagree. What "indicates the availability of alternatives to BellSouth Special Access" is the *actual presence* of alternative facilities in *a* wire ccnter, not some theoretical calculation of "likelihood" that is itself premised upon entirely unsupported assumptions that are simply wrong as a matter of fact.

23. Not surprisingly, ofcourse, EMG's calculation of theoretical "likelihood" is driven cntirely by an *assumption* of actual presence of CLEC-owned facilities in each wire center. EMG contends that. on average, *euch collocated CLEC' **individually owns .special access type facilities connected to 30.9% of the buildings served by that wire center***:

> The probability of an IXC being able to purchase special access from *a* collocated CLEC is simply (I — probability that no collocated CLEC is willing to

21. Comments of BellSouth. Exhibit 2 ("EMG Report"), at 7

22. *Id.*, at 7.

> participate in the sale). *The likelihood that a CLEC is willing to participate in a special access sale is estimated by the fraction of its connected buildings that are on-net as opposed to being on-switch or total service resale.* (We assume normal business behavior, that is, that the CLECs will want to maximize the use of their network facilities.) *We estimate this likelihood to be 30.9% across BellSouth's territory.* Therefore if there are 2 collocated CLECs, the probability of the special access sale is $1 - (1-0.309)^2 = 0.52$.[23]

EMG's 30.9% figure purports to represent the proportion of only those buildings in which CLECs have customers where CLEC-owned facilities (designated as "on net") are present ("the fraction of its connected buildings that are on-net as opposed to being on-switch or total service resale"). Although the 30.9% figure is characterized as an "average," EMG's specific use of it assumes that *exactly* 30.9% applies to *each* collocated CLEC in *each* BellSouth wire center in which such collocation is present. Moreover, EMG's exponential calculation *requires* that, for each CLEC, the "on net" (vs. ILEC's Special Access-served) buildings are randomly distributed among all building served by the wire center. *Not only does EMG offer no support for any of these assumptions, they are undoubtedly not even remotely close to reality.*

24. Even if all of EMG's purported "facts" and "assumptions" were accurate — which they are not — its use of the proportion of CLEC on-net buildings to total CLEC-connected buildings teaches nothing about the likelihood that a *new* customer not located in a building that has any CLEC presence can be served by means of a competitive alternative to ILEC Special Access. The appropriate driver for this "likelihood" analysis is necessarily the proportion of CLEC "on net" buildings to *all buildings served by the ILEC wire center,* whether or not any existing customer therein takes service that is provided by a CLEC. Using AT&T's statistics for purposes of illustration (i.e., 186,000 out of 3- to 4-million commercial buildings) and accepting EMG's 30.9% "on net" proportion, the proportion of CLEC on-net buildings to total commercial

23. *Id.*, at 9, emphasis supplied, footnotes omitted.

buildings would translate to 30.9% of the 5% to **6%** of all commercial buildings in which any CLEC connection exists, i.e., roughly 1.5% to **1.8%** overall.

25. It is also extremely unlikely that the incidence of CLEC "on net" buildings is randomly distributed aniong all CLECs with a collocation presence in a given wire center, as ***EMG*** has assumed. In fact, it is far more likely that many of the same buildings are being served by more than one **CLEC.** In that case. EMG's exponential calculation would materially overstate the "likelihood" that an IXC could obtain special access type services from at least one CLEC. Indeed, at the opposite extreme, if *all* collocated CLECs served exactly the same buildings, then the presence of inore than one CLEC in a wire center would not increase the likelihood above the single-CLEC level. i.e., 30.9% under EMG's assumption, or in the 0.4% range based upon the proportion of CLEC on-net buildings vs. all commercial buildings served by the wire center.

26. The EMG analysis thus rests upon numerous unsupported and grossly unrealistic assumptions, and so teaches nothing whatsoever as to the "likelihood" that CLEC-owned facilities will **be** available to serve a given customer premises. Nevertheless, I have attempted to replicate EMG's calculations using more realistic assumptions, and, when this is done, the results are dramatically different.

27. EMG's Table 3 presents what EMG seeks to portray as the "probability of CLEC availability for wholesale special access to IXC." I have recast **EMG's** Table 3 using (a) the percentage of the 186,000 AT&T customer locations at which AT&T-owned on-net special access facilities are available (3.23%) as an estimate of the average percentage of a given CLEC's customer locations that are served by that CLEC's own facilities, and (b) the percentage of total commercial buildings at which AT&T-owned facilities are available (0.2%) as an estimate of the average percentage of all commercial buildings served by a given wire center that are served by that CLEC's own facilities:

	Number of CLECs at wire center				
	0	1	2	>3 (11)	BST Average
Probability	0	0 0323	0 0636	0 3031	0 1579

	Number of CLECs at wire center				
	0	1	2	>3 (11)	BST Average
Probability	0	0.0020	0.0040	0.0218	0.0123

As Table 10 demonstrates, when the more realistic and inore appropriate measure of CLEC on-net facilities is utilized — i.e., CLEC-served buildings as a percentage of *all* commercial buildings served by the wire center — the "likelihood that [competitive] Special-Access type facilities will he available" to serve any potential CLEC customer is only about 1.23%, a far cry from the patently absurd 75.9% tigurc posited by EMG.

28. Even this corrected "analysis" does not provide a fully accurate assessment, in **that** it still assumes a random distribution ofon-net buildings for each CLEC and further assumes that the AT&T-average applies in each and every wire center and for each and every CLEC collo-

cated therein. On the one hand, there is a greater likelihood that a randomly arriving customer will want service at a building at which CLEC facilities are in place than at a random building among all of those served by the wire ccntcr; in that event, the 1.23% result would tend to understate actual conditions. On the other hand. it is also likely that the numbcr of buildings being servcd by AT&T nationwide — 6.700 — is far larger than for most other CLECs, so if the actual distribution of CLEC on-net buildings were substituted for an "average" based solely upon the AT&T figure that I have used here, the result would be significantly overstated. I do not present this "corrected" version of the EMG "analysis" for the purpose of providing any specific "likelihood" estimate, hut rather for the purpose ofdemonstrating the fatal flaws in EMG's methodology and the sheer absurdity of its results. I believe that it is most likely that the probability of some CLEC-provided alternative to ILEC special access being available for any given customer in any givcn building is somewhere in the range of the results presented on Tables 9 and 10 above, i.e., somewhere between 1.23% and 15.79%. but probably a lot closer to the lower than to the upper end of this range.

29. Additionally, as Professors Ordover and Willig correctly observe, the presence of CLEC-owned channel termination facilities is greatest where extremely high-capacity demand, at the OCn level, is present, and virtually nonexistent where all that is required at a particular customer site is capacity at the single DS-3 level or below.[24] The EMG "study" implicitly assumes a uniform distribution of CLEC-served buildings across all capacity levels. Consequcntly, since the vast majority of individual special access type connections are at or below the DS-3 level — and a substantial majority at or below the DS-1 level[25] — there is no basis to infer

24. Ordover/Willig Reply Decl., at paras. 28-30.

25. For example, Ameritech's most recent annual access filing with the Commission (using 2001 actual demand data, at the special access rates effective July 2002, projects $601.9-million total access revenue. with $363.4-million categorized as DS-1, more than 60% of total revenues, plus another 101-million for DDS and other digital lines, which brings the cumulative percentage (continued...)

anything trom EMG's results — even if otherwise accurate on an aggregate, market-wide basis — as to the likelihood of a CLEC facilities presence in buildings where only minimal dedicated special acccss capacity is required.

Vrrizon's ***Competition for Special Access Services* report** provides **a false** and entirely misleading **assessment of** the actual state **of** competition **for** special access services

30. Verizon has also provided a grossly exaggerated picture offacilities-based special acccss competition through its "Competition tor Special **Access** Services" report.[26] Several of the report's claims raise theoretical rather than factual matters addressing competition and are being addressed elsewhere in AT&T's Reply Comments." For example, AT&T's comments point out that Verizon's comparisons of "voice grade equivalent" lines reflect very high-capacity links **of** various types rather than the scope of the availability of competitive alternatives; that Verizon's listings of cities with CLEC "networks" indicate very little or nothing about the presence of CLEC "on net" buildings, if any, **in** a servcd MSA: and that Verizon's claims regarding CLEC resale of ILEC spccial access services simply confirm that CLEC facilities that compete with ILEC facilities are very limited in scope and, with respect to Verizon's comparison **of** special access resale to UNE resale, that the UNE use restrictions are unduly constraining.[28]

25. (...continued)
up lo 77%. In addition, Ameritech's filing identifies $122.9-million as revenues for **DS-3** circuits. There is no separate break-out for OCn, but even **if** half of the anticipated **DS-3** revenues were from associated with OCn-level circuits, the total percentage *of* revenues from circuits at or below DS-3 levels would **be** 87%.

26. See *In the Matter of AT&T Petitionjiir Rulemuking to Reform Regulation of Incumbent Local* **Exchange** *Carrier Rates for Special* **Access Services,** RM 10593, ***Verizon*** *Report on Competition for Special Access* **Services,** filed Dec. 2, 2002 ('Verizon Report'').

27. *See* AT&T Reply Comments, *supra* at 10-19

28. *See* Verizon Report, at 12-13, 21-23, 26

Verizon's Report **Generally** Fails to Distinguish Between the **Hype of** the Hi-Tech **Bubble** Era and **Current, Actual** Special Access **Competitive** Conditions.

31. Verizon's claims of special acccss competition are outdated. They are based on a time when massive CLEC growth was presumed, where plans were as good as implemented, and where press releases and analyst statements were presumed accurate and reliable. Of course, this era ended some lime ago, and nowhere was this felt more acutely than the CLEC sector under consideration. Verizon's attempts to belatedly tap into the hype of 2000 provide no basis for judging competitive conditions in today's market.

32. 'The financial health of CLECs is nowhere near what it was a couple of years ago. **Most** large special access providers face the bankruptcy and its crippling effect **on** investor confidence and the CLECs' credit. For all but a few competitors, capital markets will hardly support current operations, much less expansive "plans" relied on by Verizon.

33. The bubble-cra hype infuses the Veriron report. For crucial evidence regarding the availability of local libcr, Vcriron relies upon announcements of "planned" or "intended" network rollout announced in 2000 and 2001.[29] It cites Jack Grubman, to establish the robustness of the now-crippled "wholesale fiber" sector.[30] It credits as meaningful the announcement of a "40.8 million round ofequity financing" **as** proof that the capital markets have not all but closed for many CLECs in this sector." Verizon points to a "web-based trading pit for metropolitan liber" as support for its assertions regarding the robustness and scope of fiber wholesalers — but

29. *Id.* at 17, Table 6 (citing AFS "plans to install" additional fiber, Fiber Technologies "planned network infrastructure"); *id.* at 20, Table 7 (stating that El Paso Global Network "plans to spend $2 billion over the next four years on a nationwide fiberoptic network and 'plans to overbuild its metropolitan areas to provide better connectivity'").

30. *Id.* at 15, fn.70

31. *See* Vcrizon Report at 16, Table 6 (citing a $40.8 million round ofequity financing for Yipes Communications).

that web site has discontinued its locator services and contains no postings for the sale of undeployed fiber.[32] And throughout its "analysis," Verizon relies upon sources published by the New Paradigm Resources Group, which takes a naively uncritical view of the CLECs' condition as it discharges its role as cheerleader for this beleaguered industry sector. New Paradigm twists financial reality by proposing that bankruptcy is somehow just a normal business condition that, fortuitously, has the advantage of reducing interest expenses."

34. In fact, bankruptcy is a severe impediment to competition and one that infuses the sector, limiting current service provision and having even more significant consequences for ongoing competition. As AT&T has shown and certainly not surprisingly, major IXC customers cannot contract confidently with special access providers in bankruptcy — in large part because their end user customers quite sensibly will not tolerate such arrangements.[34] Bankruptcy is particularly debilitating in a capital intensive industry, where credit-worthiness is, by definition, of paramount importance in raising the funds necessary to support continued operations (for cash flow-negative suppliers), to enable capital expenditures necessary to continue to provide service to current customers, and to undertake network expansion.

35. The roll call of bankrupt suppliers of special access services continues and includes some of the most significant providers. In the first nine months of 2002, newly bankrupt providers include[35]:

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32. *See* www.fiberloops.com/Fiberloops/posts.htm.

33. New Paradigm Resources Group, Inc., *CLEC Report* 2003, Chapter 2 at 2 (17th ed. 2003) ("Chapter 11 Bankruptcy: A Hindrance or A Benefit?") ("CLEC Report 17th ed.").

34. *See In the Matter of AT&T Petition for Rulemuking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Special Access Services,* RM No. 10593, Declaration of Kenneth Thomas on Behalf of AT&T at para. 9-10, Filed October 15, 2002 ("Thomas Decl.").

35. *See* CLEC Report 17th ed., at Ch. 2 Table 1

Knology Broadband	09/18/02
Birch Telecom	07/30/02
WorldCom	07/21/02
ITC^DeltaCom	06/25/02
XO Communications	06/16/02
Advanced TelCom Group	05/02/02
Mpowcr Communications Corp.	04/08/02
Adelphia Business Solutions	03/27/02
Yipes Communications	03/21/02
Western Integrated Networks	03/13/02
Logix Communications	02/28/02
Network Plus Corp.	02/04/02
McLeod **USA**	01/31/02
Global Crossing Ltd.	01/28/02

36. Of the sixteen major providers **ofspecial** access services identified by Verizon,[36] six are in bankruptcy, while a seventh is just now emerging from bankruptcy protection. Six ofthese bankrupt providers fall within the top 9, in terms oftheir special access revenues. The table below reproduces Verizon's presentation of major special access competitors **to** the ILECs, with shading indicating those thal have declared bankruptcy:[37]

36. ***See*** Verizon Report, at 9, Table 4.

37. **See** CLEC Report 17th ed.. at Ch. 2, pp. 2-4

Table 11

Major Competitive Providers of Special Access

Company	Special Access Revenue (2001 in millions)	Company	Special Access Revenue (2001 in millions)
	$2.880	McLeod **USA**	$91
World Corn	*$2,207*	KMC Telecom	$90
Qwesl	$380	General Comm , Inc.	$71
Time Warner	$384	Adelphia **Bus.** Solutions	$62
XO Communications	$378	BTI Telecom	$48
IDT/WinStar	$190	NTS Communications	$45
ICG Communications	$165	Cablevision Lightpath	$28
ITC^DeltaCom	$96	Cox Communications	$21

37. Apart from the implications of bankruptcies. the publicly released information regarding the networks, services and revenues of many ofthe largest special access providers should be regarded as ovcrstatcd through undue optimism (it' not outright inisrepresentation). Major special access providers that are expected to restate their financial information and related service claims include WorldCom, Qwest, and Adelphia Business. The example of Winstar is instructive in assessing Verizon's current claims. Of the more than $900-million in CLEC revenue that Winstar had claimed when it was acquired by IDT, IDT discovered that nearly $750-million reflected fiber swaps that were irrelevant to CLEC competition.[38] Despite its earlier uncritical analyses, New Paradigm now estimates that $120-million of the asserted Winstar revenue was derived from resale of ILEC services, indicating that only slightly less than 0% -- or about $80-million — of Winstar's claimed $900-million in revenue resulted from services provided over its own facilities.[39] This example accords with AT&T's conclusion that

38. *See* New Paradigm Resources Group, Inc., *CLEC Report* 2002, Carrier Profile of'Winstar Communications at 2 (16th ed. 2002) ("CLEC Report 16th ed.").

39. *Id.*

CLEC assertions regarding on-net buildings have often proved overstated, with unexpected and undisclosed reliance upon resale *of* ILEC spccial access services."[40]

Verizon Overestimates CLEC Revenues and Market Share.

38. Verizon attempts to portray the **CLECs** as vigorous competitors in special access markets based upon claims that CLEC revenues represent approximately $10-billion out of a $28-billion market, with consistent growth, and that particular CLECs have robust special access revenucs." Even if true, these claims would not support the assertion that relevant markets are competitive. Indeed. they would bc cntirely consistent with the highly segmented competitive markets that AT&T has documented."[41] Multiple providers of special access services may deploy facilities in a few areas where customers are highly concentrated (indeed, have dramatically overbuilt in those areas), but competitive alternatives do not extend to most buildings or to most users even within relatively competitive **MSAs,** and the expansion offacilities-based competition appears to have stalled because thc ovenvhclming majority *of* buildings cannot be served economically by a CLEC. In sum. certain high-volume customers may have competitive alternatives in a limited number oflocations, but most do not even in areas subject to Phase II relief."[42]

39. In fact. Verizon's portrayal o f CLEC revenues, growth, and market share — even using the sources Verizon relies upon — is inaccurate, lacks analytical integrity and conceals a deeply troubled service sector that has largely stalled. First, while Verizon repeatedly suggests that the

40. 'Thomas Decl.. at para. 8.

41. ***See*** Vcrizon Report, at 2, 27, and 'Table 4.

42. *See* AT&T Reply Comments, at 10-19.

43. *See, e.g., Comments of the Ad Hoc Telecommunications* ***Users Commitlee.*** at 3-4.

CLECs' spccial *acccss* revenue continues on a robust growth trajectory,[44] the New Paradigm research group now anticipates flat revenues for the sector — even with the current customer base experiencing steady growth in use of services. New Paradigm as recently as 2002 had projected that CLEC dedicated access and private line revenues would increase by 61% from 2001 to 2005.[45] More recently, New Paradigm has lowered these predictions and now estimates only 11.6% total growth from 2002 to 2006 — less than a 2.8% increase annually.[46]

40. Second, Verizon's overstated claims collapse when it attempts to use FCC-sourced information. Verizon asserts that the CLECs have revenue share of approximately 30% based upon 2000 figures of $4.2-billion of FCC-reported revenue, supplemented by self-supply of $1.3-billion in 2001, compared to ILEC special access revenues of $13-billion in 2000.[47] This analysis contains three flaws: (1) it excludes non-RBOC ILEC revenues (amounting to $1.1-billion, or 8.1%, of ILEC local private line and special acccss revenues);[48] (2) it compares the 2001 self-supply revenues of competitive carriers with the 2000 RROC numbers, deflating the RBOC number by $5-billion on Verizon's own calculation;[49] and (3) it includes revenues in the relatively more contested and irrelevant long distance private line services market ($985-million, or 23%, of CLEC rcvcnucs but only 7.5% of ILEC revenues).[50] Even using Verizon's sources

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44. *See* Verixon Report at 27. Verizon also makes projections for the value of self-supply access for AT&T and WorldCom based upon the increase from 1998 to 1999. *Id.* at 28.

45. See CLEC Report 16th cd. at Ch. 3, Table 13.

46. *See* CLEC Report 17th cd. at Ch. 3, I'ahle 9.

47. Vcrizon Report, at 28.

48. See FCC, Industry Analysis Div., *Telecommunications Industry* **Revenue** 2000, at 13 & 17 (Jan. 2002).

49. Veriron Report, at 28.

50. FCC, Industry Analysis Div., *Telecommunications Industry* **Revenue** 2000, at 13-14, 17-

and growth assumptions and adjusting for these thrce factors, the 2001 CLEC share of the local access and private line market is 22%.[51]

41. Ihird, the component revenues that Verizon relies on to come up with the supposed $10-billion special access revenue total for CLEC services **are** plainly exaggerated. Verizon's Table 4 purports to capture the special access revenues *of* CLECs that provide more than $20-million of services, but the basis for this calculation fails to withstand scrutiny. The flaws in this table include:

- Even if taken at face value. the figures as presented by Verizon sum to less than $7.24-billion in CLEC special access revenues.

- AT&T's 2001 special access revenue is presented as $2.88-billion, but New Paradigm now estimates that figure to he $2.38 billion."

50. (...continued)
18.

51. ILEC 2000 revcnues for local private line and special access services, derived from the same FCC tables that Verizon uses. are $13.5 billion. FCC, Industry Analysis Div., *Telecommunications Industry Revenue 2000,* at 13 & 17. For 2001, using Verizon's ILEC revenue growth assumption (Verizon Competition Statement, at 27), indicates **ILEC** 2001 special access revenues of $18.6 billion. **FCC** tables indicate $3.22 billion of CLEC local private line and special access rcvcnue in 2000, FCC Industry Analysis Div., Telecommunications Revenue 2000, at 14 & 18, which, using the New Paradigm Resources Group estimate of the growth rate in CLEC special access revenues from 2000 to 2001 (17.9%), increases those revenues to $3.8 billion for 2001. Adding Verizon's aggressive estimate of $1.3 billion of "self-supply" by AT&T and MCI brings the 2001 CLEC total to $5.1 billion. $5.1/(5.1 + 18.6) = .22$.

52. *Id.*, AT&T carrier profile at 1, 6 (estimating that dedicated access/transport – the source Verizon employs for its special access revenue calculations – accounted for 18% of total revenues, which were $13.2 billion).

- WorldCom's 2001 spccial access revenue is presented as $2.207-billion, but New Paradigm now estimates that figure to be $1.62-billion.[53] Even that reduced figure appears to include WorldCom's international revenues.

- The Qwest tigure of $480-million apparently includes special access revenucs derived Irom provision of certain special access services within Qwest's incumbent region, as well as international revenues.[54] The Qwest figures, in any event, predate Qwest's massive downward revisions of rcvcnues and, given Qwest's ownership structure, would bc questionable evidence of true competition between ILECs and CLECs.

- IDT/Winstar's special access revenues are presented as $1 90-million. New Paradigm estimates that the company's special access revenues Ior 2002 were only $24-million.[55]

- ICG Communications' spccial access revenues are presented as $1 65-million. New Paradigm estimates that the company's special access revenues **for** 2002 were $133-million.[56]

53. *Id.*, WorldCom carrier profile at 1, 5 (estimating that dedicated access/transport accounted for 14 % of total revcnues, which were $1 1.6 billion).

54. *Id.*, Qwest carrier profile at 3 (describing Qwest's strategy to market services in the 14-state region previously served by **U.S.** West. with whom Qwest merged in 2000).

55. *Id.*, Winstar carrier profile at 1, 5 (estimating that dedicated access/transport accounted for 20% of IDT/Winstar's total revenues, which were $120 million).

56. ***Id.,*** ICG Communications carrier profile at 1, 5 (estimating that dedicated accessitransport accounted for 29% of total revenues. which were $460,000).

- McLeod USA is presented as having $91-million in special access revenues. New Paradigm estimates that the company's special access revenues for 2002 were $77-million."

- As noted above, the relevant market concerns local special access and private line, which requires reduction of the resulting figures by, in aggregate, 23% (the portion of CLEC special access revenues attributable to interstate private line services).

Making these adjustment, based upon Verizon's own source, reduces the overall CLEC special access revenues to $4.6-billion, or 54.2 billion if Qwest is excluded altogether.[58] That's less than half the $10-billion figure being touted by Verizon.

42. Finally, and of particular importance for assessing the extent *of* facilities-based competitive alternatives, much **of** the CLEC revenues reflect ***resold*** ILEC special access Facilities. Verizon confirms that BOCs provide approximately ***56%*** of their special access lines (by voice grade equivalent) to competing carriers,[59] and Verizon credits these lines as ones that are included in the CLEC numbers of voice grade equivalent lines served. Verizon derives this figure from the ratio of revenues the BOCs receive from end users as opposed to competing carriers. While Verizon likely overestimates the percentage of its resold lines that are employed as CLEC-served lines (rather than being used for upstream services). even if one assumes a somewhat reduced percentage, the implications are clear: CLEC revenues for special access services provided on a facilities basis ("on net) —— which are the only relevant revenues for

57. *Id.*, McLeod carrier profile, at 6 (estimating that dedicated access/transport accounted for 7 percent of total revenues. which were $1.1 billion).

58. These figures were arrived at by substituting the updated revenue amounts in Verizon's Table 3 (CLEC Special Access Revenues) and then subtracting 23% of that total.

59. *See* Veriron Report, at 24

purposes of judging facilities-based competition — are much lower than the total revenues they report, because ofthe high portion of special access they provide over resold RBOC lines. Fifty-six percent of2001 RBOC special access revenues (estimated by Verizon to total $18-billion) amounts to $10-billion - – nearly all of CLEC special access revenues based upon even the most aggressive assessments used by Verizon and the New Paradigm Resources Group. Deductions from the $10-billion figure due to resale for upstream services would be at least in part offsel by the margin that CLECs would need to add to the ILEC special access services that they resell. Whatever reasonable assumptions are used, the overwhelming majority o f CLEC special access revenues arc attributable to resold ILEC services rather than to facilities-based special access services. And that much smaller figure attributed to "on net" revenues is dwarfed by the $28-billion that Vcrizon estimates for the entire special access market.

Veriron Fails to Show that CLECs Can Economically Connect to More Than a Small Percentage of Buildings.

43. As I have noted above, CLEC facilities reach only a minute fraction of all commercial buildings in the US. Of greatest importance to the touchstone competition inquiry, the "availability of competitive alternatives," only a small percentage ofbuildings are or can be connected economically through "on-net" services provided exclusively over non-ILEC facilities.[60] Consequently, and as AT&T has explained before: competitive providers of special access services can economically reach only a small fraction ofthe commercial buildings that hold potential customers.[61]

60. *See Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-339, Declaration of Michael E. Lesher and Robert J. Frontera on Behalf of AT&T Corp., at paras. 41-42.

61. *See* Thomas Decl., at para. 12

44. In large measure, Verizon accepts this crucial analysis. It credits an estimate that non-ILEC special access providers can provide on-net service to only approximately 30,000 commercial buildings nationwide,[62] which represents less than 1% of the total buildings served by ILECs.

45. At the same time, Verizon makes a series of marginal claims that attempt to blunt the force of this basic concession. First, Verizon indicates that the number of on-net buildings is "constantly increasing" and cites an AT&T statement that its local fiber network is growing.[63] While it is undoubtedly true that AT&T's connections are increasing, AT&T has also established that facilities-based special access competition is inherently limited to a small subset of highly concentrated. high-traffic customers.[64] More importantly, the number of on-net buildings of other important providers of special access services is not increasing: as service providers exit the business altogether or scale down operations as part of Chapter 11 proceedings, reduce their effective connections, or reveal that their "on net" building and network claims were in fact examples of irrationally exuberant overstatement.[65]

46. Verizon also claims that CLECs serve "approximately 330,000 buildings," while admitting that more than 90% of these buildings are served in part or whole through resale of ILEC special access facilities."[66] Even the larger figure provides no sound indication of competition even to that subset of buildings. Verizon relies upon a New Paradigm Resources Group report for its figure, but that report indicates that the two providers with the greatest

62. See Verizon Report, at 13.

63. *Id.*

64. *See* AT&T Reply Comments, **at** 11

65. *See* discussion of Winstar, ***supra*** at para. 37

66. ***See*** Verizon Report, at 13.

number of buildings served are Knology Broadband, with 149,950 buildings served,[67] and XO Communications, with 84,379 buildings served.[68] Both Knology and XO have in recent months entered bankruptcy.[69] New Paradigm now indicates that Knology has zero special access revenues, and in fact the "buildings" served apparently reflect residential cable TV and related retail services.[70] Despite its earlier estimates, New Paradigm now indicates that reliable information regarding XO's buildings connected is not available.[71]

47. Verizon also points to the concentration of special access customers, assessed by traffic and revenue, in relatively few buildings."[72] As a general proposition, and as compared to the total special access market, there are relatively few buildings where customers and demand are highly concentrated. Indeed, this is precisely the reason that the MSA-based exemption does not reflect competition because competitive alternatives remain unavailable in a large portion of the particular Phase II markets. Verizon's claims regarding the importance of just four MSAs (New York, San Francisco, Washington D.C., and Los Angeles) emphasize the difficulties of providing broadly available competitive alternative facilities and services in the many other MSAs where Phase II relief has been granted. Even so, the estimates of concentration that Verizon cites appear to be considerably exaggerated because they are limited to data traffic, which itself represents only a relatively small portion of the market.

67. *See* CLEC Report 16th ed., Knology carrier profile at 1.

68. ***Id,*** XO carrier profile, at 1.

69. *See* CLEC Report 17th ed., Chapter 2 at Table 1

70. *Id.*, Knology carrier profile, at 1-5

71. *Id*, XO carrier profile, at 1.

72. See Verizon Report, at 13-14

48. The NYPSC's careful examinations of competitive facilities in the most highly concentrated market, New York City, shows the irrelevance of Verizon's emphasis upon concentration for showing that an overall **MSA** market is competitive. In concluding that Verizon remained dominant in the provision of special access services for all geographical areas in the state including Manhaltan, the NYPSC concluded that Verizon's own data revealed that "a maximum of 900 buildings [are] served by individual competitors' fiber."" In contrast, New York City has inore than 220,000 buildings that are "mixed use, commercial, industrial or public institutions."[74] Because CLEC tiher loops were irrelevant to actual provision of services unless joined by further facilities to particular buildings, the NYPSC report concluded that "Verizon represents a bottleneck to the development of a healthy market for Special Services" (equivalent to special access services).[75]

49. Finally, Verizon argues at length that evidence of collocation demonstrates the existence of special acccss competition and cites the Commission's reasoning that collocalion is an accurate basis to predict the presence of competition throughout most of an MSA.[76] With all due respect, that issue is the one now challenged before the Commission by evidence that, notwithstanding collocation, competitive alternatives are not available in broad areas of the **MSAs** subject to Phase II relief." Faced with that evidence, the Commission will need to address the scope of actual competitive alternatives, and neither the Commission nor Verizon can rely upon

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73. *See Proceeding on Motion of the Commission to Investigate Methods to* **Improve** *and Maintain High Quality Special Services Performance by Verizon New York, Inc., Opinion and Order Modifying Special Services Guidelines for Verizon New York Inc., Conforming Tariff, and Requiring Additional Performance Reporting*, NY **PSC** Case 00-C-2051, at 7-8 (June 15, 2001) ("NYPSC June Special Services Order").

74. *Id.*

75. *Id.*, at 9.

76. *See* Verizon Report, at 14.

77. *See* Tables 6 and 7 *supra.*

the "predictive judgment" that collocation serves as a proxy for relevant competition. And as I have previously noted and as AT&T has shown,[78] collocation is in any event a nearly irrelevant proxy for assessing the availability of facilities-based competitive alternatives to end users.

The Majority of Fiber Route Miles Operated by CLECs Are Long-Haul, Not Local.

50. Verizon claims that CLECs operate 184,000 route miles of fiber and that a majority of these miles are local, not long-haul.[79] Veriron does not provide numbers to back up its claim about the breakdown of thcsc miles, nor does it explain how this conclusion was reached, other than to say that it is based upon public disclosures by the CLECs.[80] However, as Verizon itself acknowledges,[81] most **CLEC's** do not publicly report how many ofthe route miles they operate are purely local (as opposed to long-haul), so its assertion that a majority ofthese miles are local is highly speculative. Moreover, numbers provided by the few CLECs that do publish the breakdown between local and long-haul miles undermine Verizon's claim. For instance, McLeodUSA. Inc., which operates a large CLEC networks, reports that only 5.000 of its 31,000 route miles of fibcr are local, whilc **the** rest are long-haul.[82] XO Communications, a large CLEC, states that its intercity long-haul network consists of 16,000 route miles of fiber, while its metro

78. *See Implementation of the Local Competition Provisions in the Local Telecommunications Act of 1996, CC* Docket No. 96-98, Declaration of C. Michael Pfau on Behalfof AT&T Corp. at 18-21, Filed July 17, 2002 ("Pfau Decl.").

79. *See* Verizon Report, at I, 12.

80. *Id.* at 12, n. 53. Verizon derives its total figure of 184,000 route miles from the 2002 CLEC Report by New Paradigm Resources Group, Inc.

81. *See* Verizon Report, at 12

82. *See* McLeodUSA Inc., Form 10K, on file with the Securities and Exchange Commission at 23.

fiber network spans only 4,300 miles.[83] And Adelphia Business Solutions reports that it has 9,536 local route miles and 7,879 long-haul miles.[84] Thus, of the nearly 70,000 route miles operated by the three of the largest CLEC networks, only 19,000 — or 27 percent — are local. This hardly qualifies as a majority.

51. In addition, many CLECs included in the list from which Verizon arrived at its total of 184,000 route miles do not even provide special access services. For example, the New Paradigm report lists Knology Broadband as having 5,568 route miles *of* fiber, and Verizon apparently counts these miles in reaching its total of 184,000. But according to New Paradigm, Knology does not generate any revenue from special access services.[85] In fact, eight of the CLECs included in the list from which Verizon arrived at its total figure do not generate any revenue from special access services.[86] In addition, several other CLECs, such as CTC Communications Corp., generate only one or two percent of their revenues from special access services — again, indicating that most of the route miles operated by these companies are not relevant to an analysis of competitive fiber special access services. Verizon does not take into account any of these considerations in asserting that a majority of the 184,000 route miles operated by CLECs are local. It simply makes this assertion and then treats it as fact. But based

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83. *See XO Launches* ***Broadband Services in*** *San Antonio*, Jan. 10, 2001, press release available at http://www.xc.com/news/54.html; *XO* ***Will Provide*** *Nationwide Gigabit* ***Ethernet Service,*** Sept. 25, 2000, press release available at <http://www.xo.com/news/26.htrnl>.

84. ***See Adelphia Business Solutions,*** *Inc. Announces* ***Third*** *Quarter Results of Operations,* Nov. 12, 2001, press release available at <http://www.prnewswire.com/cgi-bin/micro_stories.pl?ACCT=119453&TICK=ABIZQ&STORY=/www/story/11-12-2001/0001614064&EDATE=Nov+12,+2001>.

85. *See* CLEC Report 2002, Ch. 6 (15th ed.)

86. *In* addition **to** Knology, the following companies do not generate any revenue from special access services: RCN Corp.; Allegiance Telecom, Inc.; Advanced TelCom Group, Inc.; Choice One Communications; Global Crossing, Ltd.; Florida Digital Network; SunWest Communications. ***See*** *CLEC* ***Report*** 2002, Ch. 6 (15th ed.). Together, these companies operate 22,509 route miles *of* fiber. *Id.*, Ch. 4 at Table 13.

upon the evidence provided above, it is clear that the majority of route miles operated by CLECs are not local for purposes of provision of special access.

Wholesale Fiber **Providers** and Utility Competitors Are **Not** a Reliable Source **of Supply.**

52. Verizon also makes exaggerated claims about the availability of wholesale local tiber, stating that wholesale suppliers satisfy a large part of the CLEC's demand for interoffice transport.[87] **As** with its assertions about route miles, Verizon offers no evidence to support this claim, other than the self-promoting comments by some of the wholesale fiber providers themselves. Rut as AT&T has pointed out in other proceedings,[88] there are several reasons to doubt that wholesale fiber is a reliable source of supply for CLECs.

53. First, several analysts have questioned whether the wholesale dark fiber market is even a viable market.[89] Indeed, witnesses for the ILECs themselves have raised this concern, pointing out the difficulties involved in connccting to a fiber network that has already been built."[90] **As** one witness for Verizon has stated, "One doesn't plan and build fiber with the idea of going back and reopening splices and touching them. 'To the contrary, one builds with the intent that you won't ever have to go back."[91] Given these and other statements by the ILEC's own witnesses, it

87. **See** Verizon Report, at 15

88. *See Review of the Section 251 Unbundling Obligations of Incumbent Local* **Exchange** *Carriers*, CC Docket No. 01-339, No. 96-98 & No. 98-147, Declaration of C. Michael Pfau on Behalf of AT&T Corp. at paras. 35-47. ("Pfau Declaration").

89. ***/d,*** at para. 37 & n.18 (quoting U.S. Wholesale Wavelength Services 6337-64, Frost & Sullivan 2001, p.7).

90. *Id.*, at para. 39.

91. *Id.*

is more than a little surprising that Verizon now suggest that acccss to dark fiber will be easy or quickly attainable.

54. The second major obstacle to the use ofwholesale fiber is the precarious financial situation the industry now finds itself in. Verizon's presentation of the facts is once again trapped in a time warp, touting the promise ofthe wholesale fiber industry as if the bubble era still existed. But the bubble has burst, and the "wholesale data market has been one of the segments most severely affected by the telecommunication's industry's turmoil."[92] "After several years of initially promising growth, the carriers' carrier industry is now under the gun. Some firms have already ceased operating, others are in Chapter 11 looking to recover, and many others arc struggling."[93] Indeed, ofthe nine companies cited by Veriron as wholesale local tor suppliers, thrce have tiled for Chapter 11 bankruptcy, and several others have experienced financial difficulty.[94] Others, such as American Fiber Systems and Fibertech Networks, have announced plans to develop significant networks. but have so far only deployed dark fiber in a handful o f smaller markets.

55. Forecasts for the future are equally dim. "The shakeout gripping the U.S. carrier industry is not over," a recent industry analysis declared." "Simply put, there are still too many players with too much debt and little compelilive differentialion chasing too few customers, who

92. *See North American Wholesale Data Market on the Ropes* at 2, Gartner Dataquest, November 13, 2002 ("On the Ropes").

93. *The Carriers' Carrier Playbook* at 3, The Yankee Group. August 2002.

94. The suppliers that have declared bankruptcy are Metromedia Fiber Networks, Northeast Optic Network, and Yipes Communications. In addition, both Progress Telecom and NEESCom reported losses in recent public disclosures. See Pfau Declaration at 24. Many ofthe other companies cited by Veriron are privately held, and therefore financial information is not readily available.

9s. *Id*. at 17

are facing their own financial and operational problems."" The result is that industry revenues are expected to continue their recent decline for at least for the next two years.[97] And that will inevitably lead to more business failures. According to one analyst, "a number of these carriers will go through bankruptcy more than once, and the cleansing effect on the market cannot be experienced fully until more players actually consolidate or go out of business."[98]

56. Verizon suggests that many of the companies that have filed for bankruptcy are operating normally and that Chapter 11 has been little more than a speed bump on the road to success.[99] To support this claim, Verizon cites to press releases in which the companies state that they will continue to operate without interruption during their reorganizations. But company press releases, which are designed to comfort worried investors and customers, are hardly solid evidence that these companies will rebound from bankruptcy as reliable suppliers. And as I have pointed out above, bankruptcy is not just a normal business condition; it is a serious impediment to competition. Because dark fiber connectivity contracts are generally for lengthy periods of time (in the range of 20-years), the buying carrier must have confidence that the supplying carrier will be sufficiently stable to engage in long-term relationships. Companies that have recently emerged from bankruptcy or that have experienced financial difficulty are unlikely to instill that kind of confidence. As one industry analyst points out, "restructuring under Chapter 11 protection may provide a new lease on life for a few firms, but it is not a magic bullet

96. *Id.*

97. *See* Wholesale Voice Services 6339-63, Frost & Sullivan 2002, *at* 2.

98. *See* On the Ropes, at 4.

99. *See* Verizon Report, at 16.

1 Tor all that ails the carriers` carrier industry. In fact. it may actually prolong industry turmoil and
2 uncertainty."""
3
4 57. Vcrizon's final claim is that the entry of utility companies into the wholesale supply
5 business will provide CLECs with the tiher they **need** for special access.[101] Rut this assertion is
6 as unsupported as all the others that Verizon has made. Although some utility companies have
7 expressed an intention to supply fiber, there is no evidence that any of the utility companies
8 listed by Verizon will soon become significant players in the wholesale market. Indeed, of the
0 sixteen companies listed by Verizon, seven give no indication on their websites that they even
10 offer carrier services: one has ceased its telecommunications operations; one is bankrupt; and
11 one does not own its own metro fiber.[102] Of the remaining companies, **one** expresses a lack of
12 interest in providing dark fiber. Utility companies may eventually have some success in pro-
13 viding limited metro liber services because of their low incremental cost of deploying fiber in
14 existing rights-olway, using existing structures and construction resources."" But utilities have
15 no obligation to provide supply to CLECs, nor do they have any incentive to price their services
16 below those of ILEC alternatives, such as special access. It is therefore premature to conclude
17 that utilities will become a viable source of supply for CLECs.
18
19 **The Evidence Shows that ILECs Have Undermined Downstream Service Competition.**
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21 58. Vcrizon devotes considerable effort to demonstrating that the ILECs have not yet under-
22 mined competition in markets that employ special access services as an input, and claims that

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100. *See* The Carriers' Carrier Playbook, at 17.

101. *See* Verizon Report. at 18.

102. *See*, e.g., Pfau Declaration, at para. 46.

103. *Id.*, at para. 47.